

ESG REPORT

2020

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A Letter From Our CEO



GARY D. KAIN

Chief Executive Officer and
Chief Investment Officer

We at AGNC are pleased to share our inaugural ESG Report. As a leading source of private capital to the U.S. housing market, our primary investment objective is to provide our stockholders with attractive risk-adjusted returns through a combination of monthly dividends and net asset value accretion. That said, we have, since our inception, understood that our corporate responsibilities extend far beyond that. This report presents an opportunity for us to highlight our continued dedication to sustainability issues and to outline our strategic management approach for relevant environmental, social and governance (ESG) matters.

Importantly, this report provides greater transparency to all of our stakeholders – stockholders, employees, financial counterparties, vendors, and our communities – through the disclosure of relevant ESG and sustainability philosophies, policies, and practices. We have always prided ourselves on AGNC’s transparency, receiving recognition as an industry leader with respect to financial disclosure and our stockholder-focused approach to capital management. This report is a further extension of our commitment to transparency and stakeholder engagement. Guided by materiality standards of the Sustainability Accounting Standards Boards (SASB) and influenced by other ESG disclosure frameworks, this report will allow our stakeholders to assess these important issues as they most directly relate to AGNC.

“We are proud to share our strategies and the progress of our journey in this report, and we will continue to pursue opportunities to enhance our corporate responsibility and sustainability practices and disclosure.”

A Letter From Our CEO

CONT'D

2020 presented many challenges, from the COVID-19 pandemic and its wide-ranging impacts to broader domestic social unrest. We were proactive in our response to the global pandemic from an operations perspective, with a focus on the safety and well-being of our employees, our most important asset. The social unrest throughout the U.S. in 2020 reminds us that, as corporate citizens, we have an obligation to our communities. Although the challenges of the COVID-19 pandemic precluded our employees from participating in our annual volunteer day in 2020, we maintained our community focus by providing substantial financial support to six organizations selected by a committee of our employees to address social and economic inequality.

While 2020 was a challenging year, we are proud of what we have accomplished and remain focused and optimistic about 2021 and beyond. We are extremely grateful for our employees, who have continued to drive AGNC's success during this unprecedented time. We believe that our sustainable business model, combined with our strong governance practices and exceptional workforce, will enable us to continue to deliver long-term value to all of our stakeholders. We are proud to share our strategies and the progress of our journey in this report, and we will continue to pursue opportunities to enhance our corporate responsibility and sustainability practices and disclosure.

As always, we thank you for your continued support of AGNC.

Best regards,



Gary D. Kain

Chief Executive Officer and Chief Investment Officer

Overview

AGNC Investment Corp. (AGNC) is a leading provider of private capital to the U.S. housing market. We invest predominantly in pools of mortgages structured as mortgage-backed securities (MBS) guaranteed by an “Agency” – a U.S. Government-sponsored entity, such as Fannie Mae and Freddie Mac, or a U.S. Government agency, such as Ginnie Mae. We utilize leverage to enhance our returns, primarily through collateralized borrowings structured as repurchase agreements. Our investments support the residential real estate mortgage markets and facilitate home ownership in the U.S.

Our principal investment objective is to provide our stockholders with attractive risk-adjusted returns through a combination of monthly dividends and net asset value growth. We generate income from the interest earned on our investment assets, net of associated borrowing and hedging costs, and net realized gains and losses on our investments and hedging activities. Our active portfolio management philosophy is intended to preserve our net asset value across a wide range of market scenarios.

AGNC is headquartered in Bethesda, Maryland and has 50 employees. Our common stock is traded on the Nasdaq Global Select Market under the symbol “AGNC.” Since our 2008 IPO, AGNC has delivered industry-leading performance as measured by total stock return and economic return. We are the second largest mortgage real estate investment trust (REIT) and one of only two residential mortgage REITs with a market cap above \$5 billion. In addition, AGNC has the lowest operating costs as a percentage of stockholders’ equity among residential mortgage REITs.

“Since our 2008 IPO, AGNC has delivered industry-leading performance as measured by total stock return and economic return.”

2008

**IPO and Commencement
of Operations**

\$97.9B

Investment Portfolio

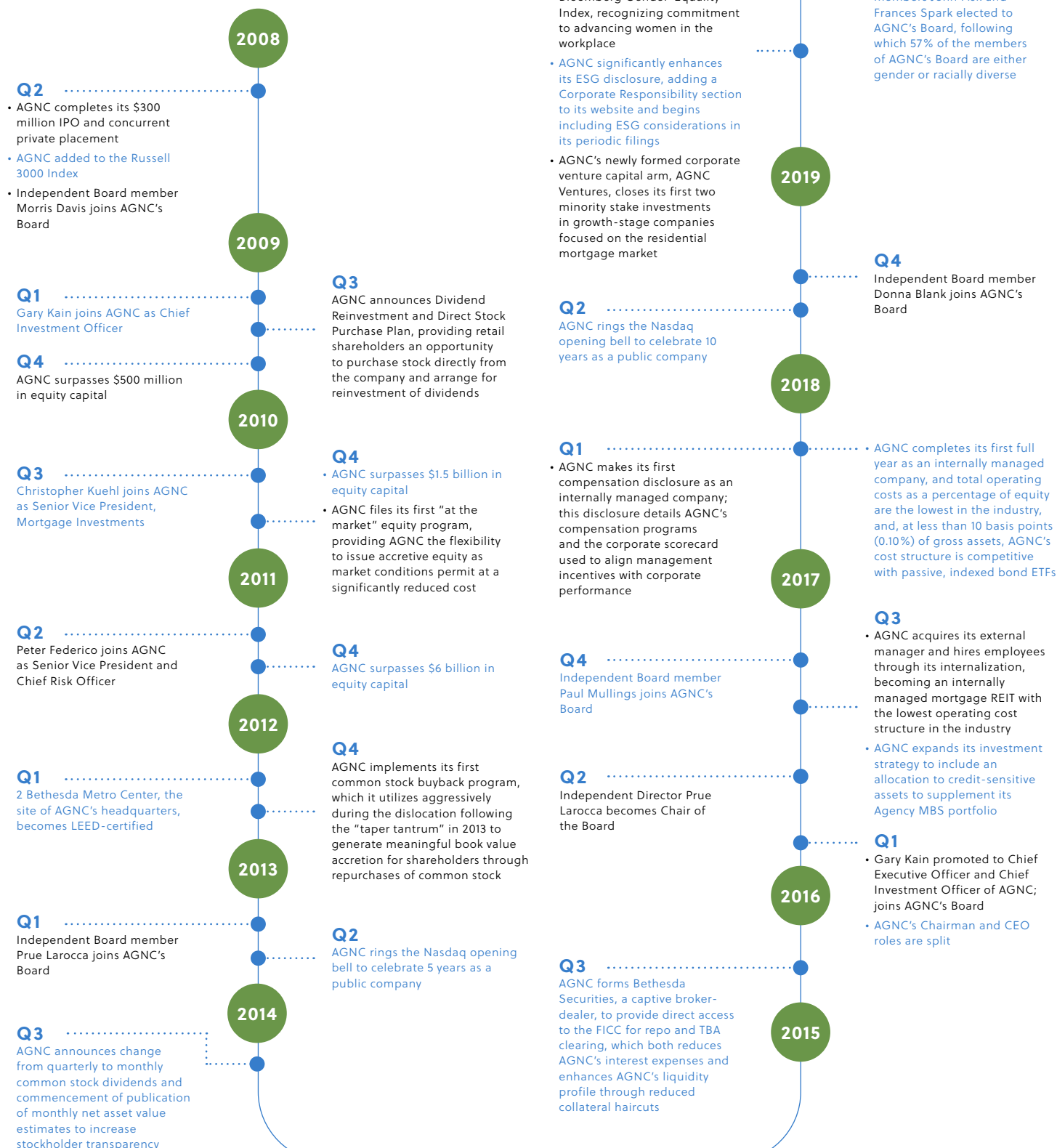
\$11.1B

Total Stockholders’ Equity

50

Employees

AGNC Timeline



AGNC Timeline

CONT'D

2020

Q1

- AGNC closes its largest ever preferred stock offering (\$575 million), which represents the lowest coupon during the fixed interest rate period ever issued by a mortgage REIT
- Proactively responds to accelerating COVID-19 pandemic and rapidly deteriorating financial markets

Q2

Nareit awards AGNC its 2020 Investor CARE Award, recognizing AGNC's effective stockholder communications

Q4

- Despite severe mortgage asset volatility in Q1 and Q2 associated with the COVID-19 pandemic, AGNC rebounded to a positive economic return¹ (+3.5%) for the year, significantly outperforming its peer group (-25.3%)²
- AGNC announces its leadership succession plan, effective July 1, 2021, pursuant to which Gary Kain will transition to Executive Chairman, Peter Federico will become Chief Executive Officer, and Christopher Kuehl will fulfill the role of Chief Investment Officer

1. Economic return represents the change in tangible net book value per common share plus dividends per common share declared.

2. AGNC's peer group is unweighted and includes Annaly Capital Management, Inc. ("NLY"), Anworth Mortgage Asset Corporation ("ANH"), ARMOUR Residential REIT, Inc. ("ARR"), Capstead Mortgage Corporation ("CMO"), Dynex Capital, Inc. ("DX"), Invesco Mortgage Capital Inc. ("IVR") and Two Harbors Investment Corp. ("TWO").

RESPONSIVENESS TO COVID-19

AGNC was proactive from both an operations and investment perspective in addressing the extreme volatility resulting from the COVID-19 pandemic.

Our core focus on risk management was evident during the turbulence in the market experienced throughout March and early April, as our liquidity and defensive positioning enabled us to maintain the overwhelming majority of our asset positions and avoid significant realized losses, unlike some peers that were forced to liquidate positions and cut business lines.

We prioritized the health and welfare of our employees, our most important asset:

- Transitioned our offices seamlessly to a fully remote workforce that remains in effect today with minimal disruption to our business
- Provided all necessary home office equipment, supplies and connectivity
- Adopted a retention program to ease employee concerns of personal financial disruption and did not terminate any employees or implement any pay reductions
- Renewed focus on communication to mitigate challenges of the remote workforce, with weekly employee town halls and an employee survey to understand concerns
- Provided mental health resources for seeking help, practical tips and stress management techniques to assist in the adjustment to new daily routines and lifestyle changes

Finally, consistent with our goal of providing best-in-class disclosure, we announced several intra-quarter updates to apprise our investors of the impact of COVID-19 and the associated financial disruption on our business.

VISION

We are committed to providing permanent, dedicated capital to the U.S. housing market with a long-term investment perspective incorporating sustainability factors, while generating favorable risk-adjusted returns with a substantial yield component to our stockholders. In furtherance of this vision, we strive to promote and maintain a culture of compliance with legal and ethical business standards, prudent risk management, and a core focus on human capital management.



VALUES

Our corporate responsibilities extend far beyond our core vision of providing capital to support the U.S. housing market and generating attractive returns for our stockholders. We consider the interests of all our stakeholders — our stockholders, employees, funding and trading counterparties, vendors, and community — in pursuing the long-term success of our business. Our stockholder-friendly governance and ethical business practices, transparent disclosures, active stakeholder engagement, and supportive human capital management are fundamental pillars of our corporate responsibility and sustainability practices.



MATERIALITY

We evaluate our corporate sustainability and ESG practices from two perspectives — our corporate presence and our investment activity. Unlike many REITs, we do not invest in physical real estate assets such as office buildings, shopping malls, or apartment complexes. Instead, we invest predominantly in mortgage-backed securities that are comprised of pools of underlying residential mortgages. We do not originate loans - all of the mortgages were previously originated, and we buy them on the secondary market after they are securitized. We do not service loans – Agency mortgages are serviced by third parties overseen by Fannie Mae, Freddie Mac or the Federal Housing Administration pursuant to guidelines that these government enterprises set. Therefore, we do not have any direct customers and do not typically receive consumer-identifying information. Further, the agencies dictate the requisite characteristics of the mortgages underlying Agency mortgage-backed securities. Thus, we have no ability to influence the terms or attributes of the mortgages underlying Agency mortgage-backed securities that we purchase. These aspects of our business carry profound implications for the assessment of what is most vital to our performance and what is most material in our reporting. As a result, our chief areas of concentration in this regard are principles governing **human capital management** (including diversity and inclusion), **business ethics**, **risk management**, and **corporate governance**. We have aligned these components for our business model, with an eye on the frameworks put forward by SASB, MSCI, Sustainalytics, and ISS-oekom, as well as the standards of our investors.



2020 ENGAGEMENT

We actively engage with our stockholders regarding all aspects of our business, and we strive to maintain our reputation for best-in-class transparency and disclosure.

STOCKHOLDERS

- Held over 140 meetings or calls with institutional investors
- Conducted approximately 550 calls and electronic communications with our retail investor base
- Announced several intra-quarter updates to apprise our investors of the impact of COVID-19 and the associated financial disruption on our business

EMPLOYEES

- Hosted periodic town halls
- Conducted an anonymous survey to understand concerns associated with the COVID-19 pandemic and its professional and personal impact
- Launched a mentorship program for junior to mid-level employees to assist in personal development
- Started a periodic “Lunch and Learn” program to engage employees in broad aspects of our business

BOARD OF DIRECTORS

- Regular meetings, at least quarterly for general Board matters
- Frequent meetings with management during the financial crisis driven by the COVID-19 pandemic
- Twenty total Board meetings (excluding committee meetings) in 2020

COMMUNITY

- Annual Volunteer Day with a local nonprofit organization canceled due to COVID-19
- Provided \$150,000 to six organizations selected by a committee of our employees to address social and economic inequality

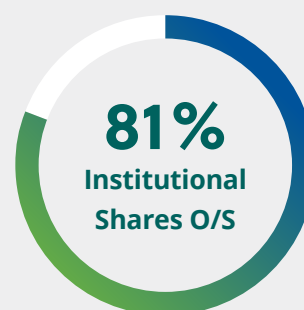
STOCKHOLDERS CONTACTED



Top 50 Institutional Investors¹



Top 50 Institutional Investors¹



Fall 2020 Outreach

1. Top 50 institutional stockholders as of 6/30/20

Risk Management Overview

Risk management is a critical aspect of AGNC's operations. Led by our Chief Compliance Officer and our Senior Vice President of Internal Audit, our enterprise risk management process involves a bottoms-up evaluation of risks facing our business, which includes both general corporate risks relating to our strategy and operations, and the more specific business and investment risks that we face as a levered investor in fixed income securities. Overall, AGNC's Board of Directors, either directly or through its standing committees, regularly reviews and oversees our corporate strategy and our management of material strategic, operational, financial, information technology (including cybersecurity), human resource, and compliance risks.

As a levered investor in Agency MBS, we are exposed to specific market risks. The two most prominent investment risks are spread risk and interest rate risk. Our ability to appropriately manage these risks is a critical differentiator of financial performance and has driven our outperformance among mortgage REITS since our IPO in 2008.

SPREAD RISK

The market spread between the yield on our investments and the yield on benchmark interest rates, such as U.S. Treasury rates and interest rate swap rates, may vary. When this spread widens, we will typically experience a loss in our tangible net book value; conversely, when this spread tightens, we will typically experience a gain in our tangible net book value. Spread movements can occur independently of interest rates and may relate to other factors impacting the mortgage and fixed income markets, such as actual or anticipated monetary policy actions by the U.S. Federal Reserve, liquidity, or changes in required rates of return on different assets. Spread risk is an inherent risk we take as a levered investor in MBS and, as such, our hedging strategies are generally not designed to protect our tangible net book value from adverse spread movements. Rather, we manage these risks through active portfolio management and prudent asset selection.

INTEREST RATE RISK

Interest rate risk is the risk that benchmark interest rates will fluctuate, and this fluctuation can impact the underlying value of our mortgage investments. We hedge a portion of our interest rate risk with respect to both the fixed income nature of our long-term assets and the short-term, variable rate nature of our financing. A majority of our funding is in the form of repurchase agreements, and, as a result, our financing costs fluctuate based on short-term interest rate indices. Our investments are assets that primarily have fixed rates of interest with maturities up to 30 years, and the interest we earn on those assets generally does not move in tandem with the interest that we pay on our repurchase agreements. To mitigate a portion of this risk, we utilize hedging techniques to attempt to lock in a portion of the net interest spread between the interest we earn on our assets and the interest we pay on our borrowings.

We maintain a comprehensive investment risk management framework to articulate our risk appetite and govern our risk management activities. We seek to mitigate investment risks through meticulous asset selection, disciplined hedging, and diversified funding. Through this process, we seek to preserve long-term tangible net book value across a variety of market scenarios. Our Board receives updates on company performance, risk profile and opportunities at each regular meeting. In addition, we continuously analyze and update the strategies used to hedge our exposure to market risks, including interest rate, spread, prepayment, and extension risks.

Our risk management activities resulted in significant outperformance in tangible book value preservation relative to our peer group. Examples of our risk management activities in 2020 included:



Substantially reduced modeled losses through active trading and risk management actions during the first quarter of 2020, the most adverse market environment AGNC has experienced



Greatly enhanced AGNC's liquidity position as market liquidity eroded by proactively rotating into more liquid securities and increased utilization of captive broker-dealer



Successfully managed and enhanced enterprise risk management framework throughout the year, despite the financial and operational impact of the COVID-19 pandemic



Developed and implemented new daily operating processes related to liquidity position, margin requirements, credit exposure, risk management, and portfolio valuation



Simultaneously with the market disruptions, seamlessly transitioned to a fully remote work environment without business interruption while prioritizing employee health, safety and well-being



Improved protections and tested defenses against cyber-attacks

As previously noted, we place a high value on transparency with our investors, communicating both data and risk management through our public reports filed with the SEC and our earnings releases. This reporting includes data on assets, hedges, and funding and provides our investors with a greater understanding of the underlying risks in our portfolio. We further include disclosures of our estimate of the impact of instantaneous changes in interest rates and mortgage spreads on our assets and earnings. Unlike most other mortgage REITs, we pay common stock dividends and provide estimates of book value on a monthly basis.

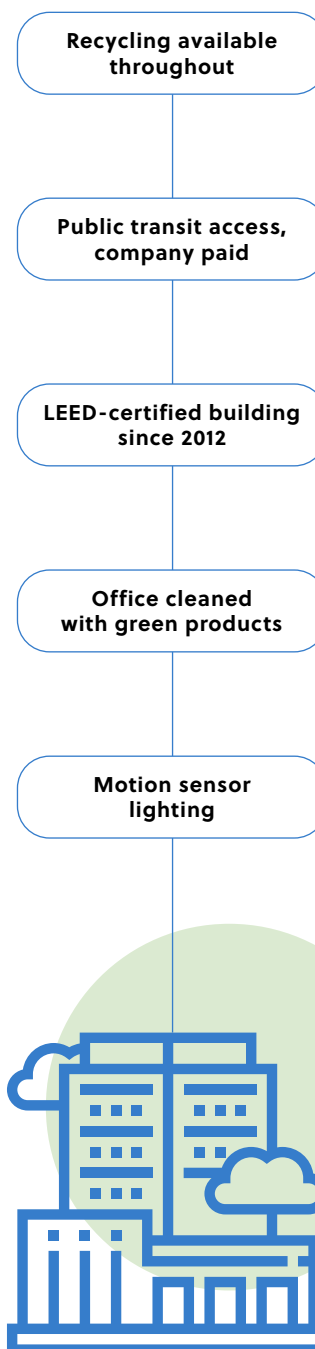
Environmental

CORPORATE

AGNC is committed to promoting a healthy environment by using resources more efficiently and responsibly. As an investment firm with 50 employees, our business operations have a relatively modest environmental impact. Nevertheless, we consider environmental risk factors in our business where applicable. We are headquartered in a building that has been LEED-certified since 2012 by the U.S. Green Building Council and was awarded an Energy Star® label in 2016 and 2018 for operating efficiency. In addition, our headquarters is centrally located to all forms of mass transport, enabling employees to commute by subway, bus, bike, and on foot.

Our commitment to environmental sustainability is reflected in our corporate headquarters and our management of our daily activities, including the following:

- Headquartered in a LEED certified and Energy Star® labeled building
- Office cleaning and pest control conducted with specific green products
- Single stream recycling as well as recycling containers at all desks and in common areas
- Recycling of electronic equipment and ink cartridges
- Energy Star® certified laptops, monitors, and printers
- Cloud computing
- Motion sensor control lighting in certain areas
- Water coolers
- Public transit accessible and company paid (up to the IRS maximum limit)
- Compostable and recycled kitchen products



INVESTMENTS

Unlike REITs that own or operate physical real estate asset such as office buildings, shopping malls or apartment complexes, our investments in pools of residential mortgages do not lend themselves to similar materiality assessments for environmental footprints. We invest primarily in pools of mortgages created by Fannie Mae, Freddie Mac and the Federal Housing Administration. These agencies assemble mortgage pools in a manner designed to increase liquidity and eliminate the impact of regional or local issues that historically have had a significant impact on local mortgage lending. Thus, by design, we have no visibility into the underlying properties within these mortgage pools, and our investment does not provide us any ability to compel homeowners to take environmentally conscious actions concerning their homes. Furthermore, limitations on data for these mortgages diminish our ability to assess environmental factors, such as climate change exposure at the individual home level, into our investment decisioning.

Notwithstanding these limitations, we are collaborating with industry participants to increase disclosure and analysis of climate change and other environmental impacts for residential mortgage assets. Our recent venture investment in a provider of fixed income data and analytics will support the company's development of an ESG ratings and analytics framework for Agency MBS. Through this investment and active engagement with the company, we hope to improve the incorporation of ESG factors into fixed income investment decisioning.

While our portfolio is predominantly comprised of Agency MBS, we have also invested over \$1 billion in Non-Agency residential and commercial MBS, which are backed by residential and commercial mortgage loans, respectively, and packaged and securitized by a private institution. We typically incorporate material environmental risk factors into our investment decision process for these Non-Agency securities.

"We are collaborating with industry participants to increase disclosure and analysis of climate change impacts for residential mortgage assets."



Social

CORPORATE

We pride ourselves on robust practices in the area of human capital management that are constantly evolving to meet the needs of our people.

"We have implemented a number of policies and programs to further the professional development of our employees."

Our success as a company ultimately depends on the strength, wellness, and dedication of our workforce. We seek to provide our highly skilled employees an engaging, rewarding, supportive, and inclusive atmosphere in which to grow professionally. We recognize the importance of ongoing communication and engagement with our employees through anonymous employee surveys and frequent town hall meetings, and we greatly value their input. We provide a wide selection of resources to protect our employees' health, well-being, financial security, and work-life balance. Our carefully designed competitive and comprehensive benefits package attracts and retains talented personnel, and we pride ourselves on our low employee turnover as a result.

EMPLOYEE TRAINING & DEVELOPMENT

We have implemented a number of policies and programs to further the professional development of our employees, including our professional certification and continuing education policy. This includes reimbursement for any supervisor-approved courses for employees. We also maintain a regular "Lunch and Learn" series and recently launched a formal mentoring program for employees to provide direct one-on-one career guidance and cross-

functional experience across various operations. These initiatives have advanced unique and professional skill sets throughout the organization.

EMPLOYEE SATISFACTION & ENGAGEMENT

Our anonymous employee surveys provide a means of engaging our employees to assess job satisfaction and specific concerns, among other items. We recently completed an anonymous employee survey, and the company had a satisfaction rating above 90 percent in most areas, including AGNC's treatment of employees, physical working conditions, commitment to integrity, and overall culture and environment. To enhance candor and comfort, we use an outside vendor that provides verbatim comments and analysis of engagement levels on an anonymous basis. The results are then shared with management and the Board for strategizing, with feedback integrated into updated compensation and other workplace policies and programs, volunteerism support (see Community Involvement), and the like.

>90%

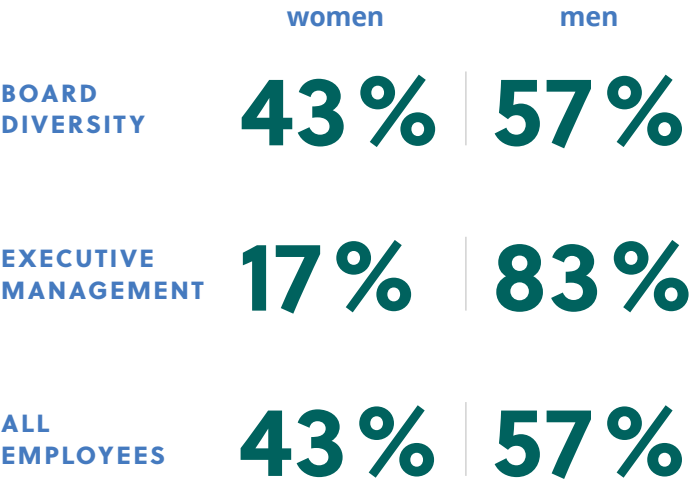
Employee satisfaction rating in areas including treatment of employees, commitment to integrity, and culture.

To ensure the health and safety of our workforce during the COVID-19 pandemic, we also instituted a survey in mid-2020 to understand our employees' perspectives during the extreme circumstances brought about by the pandemic, including work-from-home issues, employee mental health and well-being, child care considerations and similar matters. 100% of employees indicated that AGNC responded "very well" or "extremely well" to COVID-19. Based on the results of this survey, our Board

and management implemented various ideas and recommendations that we received from our employees.

DIVERSITY & INCLUSION

In terms of diversity and inclusion, we strive to have an inclusive and diverse workforce. We have long maintained policies against discrimination and harassment in our workplace. Our recruitment and hiring practices attempt to ensure the diversity of applicant pools for posted job openings. Though our low historical attrition rate and relatively small workforce present a unique challenge in effecting rapid change to our workforce composition, we are committed to diversity in our workforce and leadership.



EMPLOYEE TRAINING, ETHICS & COMPLIANCE

We also value high standards of ethics training and compliance. Beyond on-board orientation, our employees have access to ongoing continuing education and certification. In addition, members of staff receive developmental feedback and reviews from their managers. We ensure employees are protected through our written policies and a formal grievance procedure, including an anonymous hotline.

COMPENSATION, RETIREMENT AND INCOME PROTECTION

- Competitive Base Salary and Bonus Potential
- Equity and Incentive Compensation Plan
- Short-Term Disability Insurance and Salary Continuation
- Long-Term Disability Insurance
- Life/Accidental Death and Dismemberment Insurance
- Long-Term Care Insurance
- 401(k) and Roth 401(k) with Company Match

HEALTH AND WELLNESS

- Employer Paid Medical, Dental and Vision Insurance
- Flexible Spending Accounts
- Employee Assistance Program (EAP)
- Health Advocate Program and Telehealth Services
- Onsite Fitness Center and Discounted Gym Memberships
- Paid Parental Leave – Primary and Non-Primary Caregiver
- Paid Vacation, Sick and Personal Days and Federal Holidays
- Flexible Work Hours and Telework Option

PROFESSIONAL AND PERSONAL DEVELOPMENT

- Professional Certification Reimbursement
- Continuing Education Reimbursement
- Financial Planning Services
- Access to Legal Resources

FOR A MORE
COMPREHENSIVE LOOK AT
OUR BENEFITS [CLICK HERE](#)

COMMUNITY INVOLVEMENT

We recognize the importance of corporate participation in community affairs, and we engage our employees in determining appropriate channels for AGNC's involvement for both hands-on activities and financial donations.

- Rebuilding Together — a leading national nonprofit in safe and healthy housing with more than 40 years of experience. During AGNC's first year of involvement in 2019, 35% of employees participated. Our 2020 volunteer day was postponed due to the COVID-19 pandemic.
- Walk to End Alzheimer's — the world's largest fundraiser for Alzheimer's care, support and research.
- Corporate Donations — NAACP, ACLU, YWCA National Capital Area, Urban League of Greater Washington, Equal Justice Initiative, The Innocence Project.

INVESTMENTS

AGNC is a leading provider of private capital to the U.S. housing market, enhancing liquidity in the residential real estate mortgage markets and, in turn, facilitating home ownership in the U.S. By providing private capital to the housing market through our investments in residential mortgages, including mortgages that are typically disfavored by loan originators, we play a meaningful role in helping Americans purchase homes for their families. The social benefits of homeownership are well-documented, and U.S. housing policy has traditionally sought to increase homeownership. Homeownership has historically been viewed as an accessible vehicle for individual wealth creation, and increased homeownership within communities



\$97.9B \$30.2B

investment
portfolio

invested in lower balance
and high LTV/HARP loans¹

has long been considered a stabilizing force that promotes community involvement. A domestic public policy goal has been to increase the role of private capital in the U.S. housing market, and AGNC is poised to continue to play a large and important role in any domestic housing reform initiative. We are confident that private capital will remain a pillar of the U.S. housing market and, in turn, the broader U.S. economy.

1. Lower balance loans or high loan-to-value (LTV) loans, including those originated under the Home Affordable Refinance Program (HARP) program. We define lower balance loans as pools of mortgages backed by loans with original balances of up to \$150,000, a relatively underserved stratum of the market, as mortgage originators are typically compensated based upon loan size and thus prioritize higher balance opportunities. The U.S. HARP program was implemented in 2009 to facilitate mortgage refinancing for homeowners that experienced a home value decline in connection with the 2008 recession and were otherwise unable to refinance.

Governance

CORPORATE

Exceptional governance practices are a core value of our company. We are committed to operating with the highest levels of integrity and strong alignment with our stockholders in governance, ethics, and compliance.

Highlights of our approach include the following:

- Annual election of directors
- Directors elected by majority voting, with a resignation policy for directors who do not receive a majority support
- Four of seven directors are gender or racially diverse
- Separate position of Chair and CEO
- All directors serve on two or fewer public company boards
- Two new independent directors appointed in 2019
- Regular meetings of independent directors without members of management
- Stock ownership guidelines for directors and executive officers
- Stockholder engagement program, including participation by independent directors
- Anti-hedging and pledging policy for directors and executive officers
- Clawback policy for compensation
- No stockholder rights plan or “poison pill”
- Comprehensive Code of Ethics and Conduct and Corporate Governance Guidelines
- Annual Board and committee self-evaluations
- 100% attendance at 94% of our Board and committee meetings in 2020

- Membership in the National Association of Corporate Directors (the “NACD”), a leading authority on corporate boardroom and governance practices

Our effective governance and responsible business practices have led to consistent recognition as an industry leader for financial disclosure, transparency, and a stockholder-focused approach to capital management. AGNC’s internal management structure, coupled with its focus on financial disclosure and transparency, evidence an unparalleled stockholder focus. Examples of AGNC’s disclosure and transparency include:

- Monthly announcement of tangible net book value estimates; and
- Detailed financial disclosure regarding AGNC’s portfolio, financing, and hedging arrangements

“AGNC’s internal management structure, coupled with its focus on financial disclosure and transparency, evidence an unparalleled stockholder focus.”

Our Board is not staggered; all members serve one year terms and are elected annually. Six of our seven directors meet applicable independence requirements. The Board annually reviews each director’s business and other relationships, among other factors, to make an affirmative determination whether a director is, in fact, independent.

In evaluating the suitability of individuals for Board membership, the Committee takes into account many factors, including whether the individual meets the requirements to be an independent director; the individual's general understanding of the various disciplines relevant to the success of a large publicly-traded REIT in today's global business environment; the individual's understanding of the corporation's business and investments; the individual's professional expertise and educational background; and other factors that promote principles of diversity, including diversity of experience, race, gender, and age. The Board has made a concerted effort to refresh its membership and broaden the diversity of its membership: Since 2013, 67% of new director nominees have been women or a person of color, and our Board Chair and Chair of the Board's Audit Committee are women.

ETHICS AND COMPLIANCE

We demand that all employees act ethically and obey the law. Our Code of Ethics and Conduct serves as a guidepost of legal and ethical principles and requirements for our directors, officers and employees. In particular, the Code addresses the following general topics:

- Observing all laws and regulations (including securities laws);
- Abiding by anti-harassment and anti-discrimination principles;
- Avoiding conflicts of interest;
- Maintaining accurate and complete company records; and
- Reporting suspected violations (including through an anonymous hotline)

Because the business and legal requirements in our industry are constantly evolving, our Code cannot address every factual circumstance that might arise. Employees are therefore directed to consult with their supervisor, the Chief Compliance Officer or the legal team when they have doubt about the proper course of action. The small size of our

workforce and collegial environment promotes open communication and accessibility to resolve any such questions that arise. Suspected violations of the Code may also be reported anonymously.

We firmly believe that a strong commitment to ethical and legal conduct is essential for us to achieve our purpose and vision. We therefore require all AGNC employees to comply with this Code and acknowledge its terms on an annual basis. To help ensure this compliance, we have established a procedure for reporting suspected violations of this Code. Any violations of this Code or retaliatory actions might result in disciplinary action, including termination of employment or contract, as applicable. These matters are described in more detail in the Code.

Link to Relevant Policies

[Code of Ethics and Conduct](#)

"Since 2013, 67% of new director nominees have been women or a person of color, and our Board Chair and Chair of the Board's Audit Committee are women."

INVESTMENTS

As an investor in pools of residential consumer mortgages, AGNC does not have the ability to advocate favorable corporate governance measures in conjunction with its investments as other asset managers that invest in companies do. Agency MBS are created by government sponsored entities (GSEs). The GSEs dictate all policies and procedures related to the origination of the loans and the servicing of the loans.

Conclusion



Our Board of Directors and management team appreciate the crucial importance of corporate responsibility and sustainable practices. We are devoted to all of our stakeholders, and we maintain a multi-pronged approach to community involvement. As a corporate citizen, we understand and take actions in our business operations that reflect careful stewardship of the environment, our people and the community around us. Despite the limitations outlined above related to our primary investment asset – Agency MBS – AGNC is firmly committed to addressing sustainability factors relevant to our investment activities in a manner that ultimately adds value to all our stakeholders. More broadly, we evaluate our ESG performance continuously and strive to enhance our ESG efforts. We welcome any feedback, suggestions, or requests for more information.

Appendix

AGNC Investment Corp. (AGNC) is an internally-managed mortgage real estate investment trust (REIT) with 50 employees and a \$97.9 billion investment portfolio as of December 31, 2020. We invest predominantly in Agency mortgage-backed securities (MBS) guaranteed by a U.S. Government-sponsored entity, such as Fannie Mae and Freddie Mac, or a U.S. Government agency, such as Ginnie Mae.

For our inaugural corporate responsibility report, we have elected to provide greater transparency to our sustainability disclosure by providing information under the Sustainability Accounting Standards Board (SASB) reporting framework. We have determined that the sustainability issues and disclosure topics that most closely align with our business are under the Financials Sector standards for Asset Management and Custody Activities. For more information on SASB, please visit www.sasb.org.

We are committed to providing investors and stakeholders with useful and relevant sustainability information. We welcome any questions and feedback on this report and our sustainability practices and can be contacted by email at CR@AGNC.com.

The table below highlights sections of the report and other public disclosures that include information relevant to the SASB guidance for materiality for the Financials Sector standards for Asset Management and Custody Activities. All data is as of December 31, 2020, unless otherwise noted.

ASSET MANAGEMENT AND CUSTODY ACTIVITIES SUSTAINABILITY ACCOUNTING STANDARDS BOARD ACCOUNTING METRICS

TOPIC	ACCOUNTING METRIC	CODE	PAGE REFERENCE
Transparent Information & Fair Advice for Customers	(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	FN-AC-270a.1	Page 23
	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product related information to new and returning customers	FN-AC-270a.2	Page 23
	Description of approach to informing customers about products and services	FN-AC-270a.3	Page 23
Employee Diversity and Inclusion	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	FN-AC-330a.1	Page 24
Incorporation of Environmental, Social, and Governance Factors in Investment Management & Advisory	Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing, and (3) screening	FN-AC-410a.1	Page 24
	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies	FN-AC-410a.2	Page 25
	Description of proxy voting and investee engagement policies and procedures	FN-AC-410a.3	Page 25
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	FN-AC-510a.1	Page 25
	Description of whistleblower policies and procedures	FN-AC-510a.2	Page 25
Systemic Risk Management	Percentage of open-end fund assets under management by category of liquidity classification	FN-AC-550a.1	Due to SASB's preliminary decision to remove this metric and AGNC not being an open-end fund, we have omitted this from our report.
	Description of approach to incorporation of liquidity risk management programs into portfolio strategy and redemption risk management	FN-AC-550a.2	Page 26
	Total exposure to securities financing transactions	FN-AC-550a.3	Page 26
	Net exposure to written credit derivatives	FN-AC-550a.4	Page 26

TRANSPARENT INFORMATION & FAIR ADVICE FOR CUSTOMERS

FN-AC-270a.1 (1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings

Our covered employees¹ were not subject to any material investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings in connection with their work on behalf of the Company.

Our covered employees are officers or employees of our registered broker dealer subsidiary, which maintains policies, procedures and controls to ensure compliance with applicable rules and regulations, including the requirement of timely and accurate regulatory filings. In addition, AGNC maintains a comprehensive Code of Ethics and Conduct applicable to all employees and additional policies, procedures and internal controls designed to ensure compliance with applicable filing and other requirements. AGNC's Chief Compliance Officer and Senior Vice President of Internal Audit monitor corporate compliance and provide regular reporting to the Audit Committee of our Board of Directors. Please reference AGNC's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q for disclosure, to the extent applicable, on material legal proceedings.

FN-AC-270a.2 Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product related information to new and returning customers

AGNC manages a portfolio predominantly comprised of Agency mortgage-backed securities for its own account. AGNC does not have customers and does not manage customer accounts or sell financial products to customers. As such, AGNC did not sustain any monetary losses as a result of legal proceedings associated with marketing and communication of financial product related information to new and returning customers. Please reference AGNC's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q for disclosure, to the extent applicable, on material legal proceedings.

FN-AC-270a.3 Description of approach to informing customers about products and services

As noted above, AGNC does not have any customers and does not sell products or services. As such, we do not believe this metric is relevant to our business. Please reference AGNC's Annual Report on Form 10-K for additional information on our business.

1. As defined by SASB, "covered employees" are employees subject to filing the following forms: Form U4 (Uniform Application for Securities Industry Registration or Transfer) with the Central Registration Depository (CRD) of the Financial Industry Regulatory Authority (FINRA); Form U5 (Uniform Termination Notice for Securities Industry Registration) with the CRD of the FINRA; Form U6 (Uniform Disciplinary Action Reporting Form) with the CRD of the FINRA; Form BD (Uniform Application for Broker-Dealer Registration) with the Investment Adviser Registration; Depository (IARD) of the U.S. Securities and Exchange Commission (SEC); and Form BDW (Uniform Request for Broker-Dealer Withdrawal) with the IARD of the SEC.

EMPLOYEE DIVERSITY AND INCLUSION

FN-AC-330a.1 Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees

AGNC's success as a company ultimately depends on the strength of our employees. AGNC is committed to an inclusive workplace that promotes gender and racial/ethnic equality which will further diversity within our workforce and leadership over time through internal advancement and new hires. We frequently engage with our employees to assess job satisfaction, wellness, and overall culture, among other topics. We also focus on the development of

our personnel within our organization. Please reference the Social section of this report, [page 15](#), and the Corporate Responsibility section of our website for additional disclosure on our commitment to diversity and inclusion, and human capital management.

The tables below provide breakdowns of gender and racial/ethnic group representation for our 50 employees (all U.S. based). The categories in the below tables conform to the Equal Employment Opportunity Commission's Classification Guide ([EEO-1 Classification Guide](#)).

	Female	Male
Board of Directors	43%	57%
Employee Category		
Executive Management	17%	83%
Non-Executive Management	21%	79%
Professionals	52%	48%
All Other Employees	100%	0%
Total	43%	57%

	Asian	Black or African American	Hispanic or Latino	White	Two or More Races
Board of Directors	0%	14%	0%	86%	0%
Employee Category					
Executive Management	0%	0%	0%	100%	0%
Non-Executive Management	14%	7%	0%	79%	0%
Professionals	22%	15%	0%	52%	11%
All Other Employees	0%	33%	0%	67%	0%
Total	16%	12%	0%	66%	6%

INCORPORATION OF ENVIRONMENTAL, SOCIAL, AND GOVERNANCE FACTORS IN INVESTMENT MANAGEMENT & ADVISORY

FN-AC-410a.1 Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing, and (3) screening

AGNC invests predominantly in Agency residential mortgage-backed securities, which are pools of previously-originated residential mortgages that have been guaranteed by Fannie Mae, Freddie Mac and Ginnie Mae. Through our investments in Agency MBS, we support the residential housing market, including traditionally underserved portions of the housing market, as discussed on [page 14](#). Agency residential MBS create significant limitations on the incorporation of ESG criteria evaluation

into our investment decisioning as we receive limited data on the mortgage loans underlying the securities. Notwithstanding these limitations, we are collaborating with industry participants to increase disclosure and analysis of ESG criteria, including climate change and social impacts, for residential mortgage assets.

A smaller portion of our capital is allocated to investments in Non-Agency residential and commercial MBS, which are backed by residential and commercial mortgage loans, respectively, and packaged and securitized by a private institution. We typically incorporate material ESG risk factors into our investment decision process for these Non-Agency securities.

In addition, through our corporate venture capital arm, we have provided capital to businesses that are seeking to enhance ESG disclosure and analysis for fixed income investors such as AGNC and to originate assets with favorable ESG characteristics. Please reference the Environmental section of this report, [page 13](#), for additional disclosure.

FN-AC-410a.2 Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies

Please reference our response to FN-AC-410a.1 above.

FN-AC-410a.3 Description of proxy voting and investee engagement policies and procedures

AGNC's predominant investment class is Agency MBS, as to which there are no voting rights. During the relevant period, AGNC did not engage in proxy voting because, we did not have investments in publicly traded equities. As such, we do not believe this metric is relevant to our business.

However, AGNC maintains a proxy voting policy, which provides general guidelines for reviewing proxy issues and requires AGNC's officers to consult with each other and AGNC's investment team in determining how to vote a particular proxy. If a potential conflict of interest in respect of a particular proxy situation is identified, AGNC may elect to resolve it by following the recommendation of a disinterested third party, by seeking the direction of AGNC's disinterested directors or, in extreme cases, by abstaining from voting.

BUSINESS ETHICS

FN-AC-510a.1 Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations

AGNC did not sustain any material monetary losses in the reporting period as a result of legal proceedings associated with the conduct described. AGNC discloses material legal and regulatory proceedings as required in its Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. Please reference AGNC's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q for disclosure, to the extent applicable, of legal proceedings.

FN-AC-510a.2 Description of whistleblower policies and procedures

We believe that a strong commitment to ethical and legal business conduct is essential for AGNC. We greatly value

our reputation and integrity and hold each director, officer, employee and related person accountable for maintaining ethical business conduct. Our Code of Ethics and Conduct applies to all of our directors, officers, employees and related persons and provides direction on how to act ethically in accordance with our policies. The Code of Ethics and Conduct addresses AGNC's policies on a range of topics and employees are directed to report any actual or suspected misconduct to our Chief Compliance Officer, a member of the Board of Directors or anonymously through our confidential third-party hotline. All employees affirm their understanding of these standards on at least an annual basis. AGNC does not tolerate retaliation of any kind against employees reporting any ethical or legal violations or participating in an investigation. Please reference AGNC's Code of Ethics for a description of our whistleblower policy and procedures or the Governance section of this report, [page 19](#), for additional disclosure.

SYSTEMIC RISK MANAGEMENT

FN-AC-550a.2 Description of approach to incorporation of liquidity risk management programs into portfolio strategy and redemption risk management

AGNC is not an open-end fund and is not subject to redemption obligations with respect to its preferred or common stock.¹ Thus, AGNC is not subject to redemption risk.

AGNC's investment strategies are based on our assessment of market risks, our ability to hedge a portion of these risks and our intention to qualify as a REIT. AGNC seeks to provide investors with attractive risk-adjusted returns over a wide range of market scenarios through monthly dividends and tangible net asset value accretion. To meet these objectives, we utilize a comprehensive risk management framework that is predicated on careful asset selection, disciplined hedging and diversified funding to define our risk appetite and provide for oversight of key risks. Rigorous risk management, including liquidity risk management, is a critical component of AGNC's operations and a significant differentiator among our peer group, evidenced by our performance during 2020. In 2020, AGNC posted a positive 3.5% economic return², despite the significant financial market dislocation and illiquidity caused by the COVID-19 pandemic, while AGNC's peer group had an average economic loss of -23.5%³. Please reference AGNC's Annual

Report on Form 10-K, pages 4-5 and 45-48, and the Risk Management section of this report, [page 11](#), for additional disclosure.

FN-AC-550a.3 Total exposure to securities financing transactions

Our total exposure to securities financing transactions as of December 31, 2020 was \$2.6 billion. Virtually all of our securities financing transactions are structured as repurchase transactions. Under these repurchase arrangements, the value of the collateral we pledge generally exceeds our borrowings, and, if our repo counterparty defaults on its obligations, we may be unable to recover the excess collateral. We seek to manage this risk by diversifying our funding among a number of sources. As part of our comprehensive risk management framework, we regularly monitor and manage our exposure to these counterparties. Please reference AGNC's Annual Report on Form 10-K, pages 2-5 and 44, for additional disclosure.

FN-AC-550a.4 Net exposure to written credit derivatives

AGNC does not write credit derivatives.

1. In certain circumstances following a change of control transaction, AGNC's preferred stock is redeemable. AGNC would anticipate, to the extent such circumstances arose, providing for the satisfaction of such obligations in the corresponding transaction documents.

2. Economic return represents the change in tangible net book value per common share plus dividends per common share declared.

3. AGNC's peer group is unweighted and includes Annaly Capital Management, Inc. ("NLY"), Anworth Mortgage Asset Corporation ("ANH"), ARMOUR Residential REIT, Inc. ("ARR"), Capstead Mortgage Corporation ("CMO"), Dynex Capital, Inc. ("DX"), Invesco Mortgage Capital Inc. ("IVR") and Two Harbors Investment Corp. ("TWO").

This report was prepared by AGNC Investment Corp. All data in this report is as of December 31, 2020, unless otherwise specified.

Forward-Looking Statements

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act. Forward-looking statements are typically identified by words such as “believe,” “plan,” “expect,” “anticipate,” “see,” “intend,” “outlook,” “potential,” “forecast,” “estimate,” “will,” “could,” “should,” “likely” and other similar, correlative or comparable words and expressions. Forward-looking statements are based on estimates, projections, beliefs and assumptions of management of the Company at the time of such statements and are not guarantees of future performance. Forward-looking statements involve risks and uncertainties in predicting future results and conditions. Accordingly, our activities and outcomes could differ materially from those projected in these forward-looking statements due to a variety of important factors, including, without limitation, changes in interest rates, changes in the yield curve, changes in prepayment rates, the availability and terms of financing, changes in the market value of the Company’s assets, general economic conditions, market conditions, conditions in the market for Agency securities, and legislative and regulatory changes that could adversely affect the business of the Company. Certain factors that could cause actual results to differ materially from those contained in the forward-looking statements, are included in the Company’s periodic reports filed with the Securities and Exchange Commission (“SEC”). Copies are available on the SEC’s website, www.sec.gov. The Company disclaims any obligation to update or revise any forward-looking statements based on the occurrence of future events, the receipt of new information, or otherwise.

CONTACT US

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